

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT

OF

CLOVERDALE TOWNSHIP

PUTNAM COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED
03/23/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daryl W. Branneman	01-01-03 to 12-31-06
Chairman of the Township Board	William Gruener Bruce Parker Rod Garrett	01-01-03 to 02-15-04 02-16-04 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CLOVERDALE TOWNSHIP, PUTNAM COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Cloverdale Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 21, 2006

CLOVERDALE TOWNSHIP, PUTNAM COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
Township	\$ 73,734	\$ 31,639	\$ 20,396	\$ 84,977
Dog	1,076	748	575	1,249
Township Assistance	14,070	296	8,695	5,671
Firefighting	46,010	19,838	45,002	20,846
Cemetery	3,502	44	100	3,446
Fire Equipment Debt	25,429	23,444	47,207	1,666
Cumulative Fire	44,731	19	-	44,750
Fiduciary Fund:				
Payroll Withholdings	179	1,091	1,290	(20)
Totals	<u>\$ 208,731</u>	<u>\$ 77,119</u>	<u>\$ 123,265</u>	<u>\$ 162,585</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 84,977	\$ 45,580	\$ 22,454	\$ 108,103
Dog	1,249	409	400	1,258
Township Assistance	5,671	10,718	8,256	8,133
Firefighting	20,846	37,718	44,471	14,093
Cemetery	3,446	1,718	-	5,164
Fire Equipment Debt	1,666	51,716	24,109	29,273
Cumulative Fire	44,750	27,183	70,000	1,933
Fiduciary Fund:				
Payroll Withholdings	(20)	-	-	(20)
Totals	<u>\$ 162,585</u>	<u>\$ 175,042</u>	<u>\$ 169,690</u>	<u>\$ 167,937</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 108,103	\$ 14,290	\$ 24,197	\$ 98,196
Dog	1,258	98	-	1,356
Township Assistance	8,133	8,952	6,585	10,500
Firefighting	14,093	31,811	32,292	13,612
Cemetery	5,164	-	-	5,164
Fire Equipment Debt	29,273	-	-	29,273
Cumulative Fire	1,933	14,331	-	16,264
Fiduciary Fund:				
Payroll Withholdings	(20)	-	-	(20)
Totals	<u>\$ 167,937</u>	<u>\$ 69,482</u>	<u>\$ 63,074</u>	<u>\$ 174,345</u>

The accompanying notes are an integral part of the schedules.

CLOVERDALE TOWNSHIP, PUTNAM COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CLOVERDALE TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

- (1) The officials were aware record balances did not reconcile to depository balances, and did not identify the differences. Reconcilements were not done monthly.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) There were a considerable number of posting errors. These errors included a deposit overstated by \$3,603 in 2004; a check written for \$168 was not issued but wasn't voided or carried as outstanding; and two tax deposits incorrectly posted resulting in receipts being overstated by \$5.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TIMELY RECORDKEEPING

Over 30 days passed before the Trustee would relinquish his records for examination. Funds were not posted for two years and bank reconcilements were not done for three years when the records were requested.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The following prescribed forms were not properly maintained:

Township Form 15 - Annual Financial Report
General Form 100R – Certified Report of Names, Addresses, Duties
and Compensation of Public Employees
Township Form 369 – Capital Asset Ledger

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CLOVERDALE TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory of capital assets using Form 369. A similar comment appeared in Report B20779.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS

Payments to the Board members were made without payroll deductions for taxes in 2004 and 2005. Payments to the Township Assistance Administrator were made without payroll deductions for taxes in 2003, 2004 and 2005.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCE

The Payroll Withholding Fund was overdrawn by \$20 in 2003. There was no activity in the Fund in 2004 and 2005 which remained overdrawn at December 31, 2005.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CLOVERDALE TOWNSHIP, PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2006, with Daryl W. Branneman, Trustee.

The contents of this report were further discussed on March 14, 2007, with Betty Monnett, Deputy Clerk.